



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

August 12, 2014

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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE - PROPOSED 2014 WATER BOND

Executive Summary

This memorandum provides an update on the latest efforts to develop a proposal to place a revised water bond measure on the November 4, 2014 State General Election ballot.

Background

Over the last several months, the Legislature has been considering various proposals to repeal the provisions of the previously approved 2014 Water Bond measure and to replace it with a reduced bond measure with updated funding priorities to increase the sustainability of California's water system.

On August 5, 2014, the Governor released a draft of a \$6 billion water bond proposal to provide for water use efficiency and recycling, effective groundwater management added storage, safe drinking water, and for watershed restoration.

The Secretary of State was scheduled to begin printing voter guides for the November 2014 election on Monday, August 11, 2014. With that deadline looming and no negotiations on the water bond continuing, the Legislature passed, and the Governor signed, legislation to extend the deadline to begin printing of the voter guides by two days.

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The Legislature and the Governor also announced a possible compromise agreement on a revised water bond proposal on August 11, 2014. That bill is now in print, and it is anticipated that the measure will be taken up for consideration by August 13, 2014.

Information on both developments is detailed in the report below.

SB 866 (Wolk) - Water Quality, Supply, and Infrastructure Improvement Act of 2014

SB 866 (Wolk), which would have required a distributor to pay a tax upon distribution of safe and sane fireworks, was gutted and amended on August 11, 2014 to include provisions relating to the proposed Water Bond measure.

As amended, the bill would now: 1) repeal the provisions of the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which if approved by the voters, would authorize the issuance of bonds in the amount of \$11.14 billion to finance a safe drinking water and water supply reliability program; 2) enact the Water Quality, Supply, and Infrastructure Improvement Act of 2014, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6.995 billion to finance a water quality, supply, and infrastructure improvement program; 3) upon voter approval, reallocate \$105.0 million from Proposition 84 and \$95.0 million from Proposition 50 (both previously approved by voters) for the purposes of a water quality, supply, and infrastructure improvement program; 4) provide for the submission of these provisions to the voters at the November 4, 2014, statewide General Election; and 5) declare that this bill is to take effect immediately as an urgency statute.

The following is an outline of the funding provisions of SB 866:

1) Clean, Safe and Reliable Drinking Water - \$500 million

- \$250.0 million for deposit in the State Water Pollution Control Revolving Small Community Grant Fund for wastewater treatment projects.
- \$250.0 million for grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards, ensure affordable drinking water, or both, in small communities.

2) Protecting Rivers, Lakes, Streams, Coastal Waters, and Watersheds - \$1.47 billion

- \$302.5 million for statewide watershed protection and restoration projects, including:
 - \$10.0 million for the Baldwin Hills Conservancy;
 - \$25.0 million for the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy; and
 - \$30.0 million for the Santa Monica Mountains Conservancy.
- \$200.0 for the Wildlife Conservation Board for projects that result in enhanced stream flows;
- \$100.0 million for projects to protect and enhance urban creeks;
- \$20.0 million for watershed and urban rivers enhancement projects in urban watersheds that increase regional and local water self-sufficiency;
- \$475.0 million Natural Resources Agency to support interstate or multi-party projects;
- \$285.0 million to the Department of Fish and Wildlife for watershed restoration projects statewide; and
- \$87.5 million to the Department of Fish and Wildlife for water quality, ecosystem restoration, and fish protection facilities that benefit the Delta.

3) Regional Water Security, Climate and Drought Preparedness - \$780.0 million

- \$480.0 million allocated to hydrologic regions as identified in the California Water Plan, including \$98.0 million for the Los Angeles subregion;
- \$100.0 million for grants and loans for water conservation and water-use efficiency plans, projects, and programs; and
- \$200.0 million for grants for multi-benefit stormwater management projects.

4) Statewide Water System Operational Improvement and Drought Preparedness - \$2.5 billion

- Continuously appropriated, without regard to fiscal years, to the California Water Commission for public benefits associated with water storage projects that improve the operation of the State water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions; and
- Projects shall be selected by the California Water Commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided.

5) Water Recycling - \$ 700.0 million

- For grants or loans for water recycling and advanced treatment technology projects, including:
 - Water recycling projects, including, but not limited to, treatment, storage, conveyance, and distribution facilities for potable and nonpotable recycling projects;
 - Contaminant and salt removal projects, including, but not limited to, groundwater and seawater desalination and associated treatment, storage, conveyance, and distribution facilities;
 - Dedicated distribution infrastructure to serve residential, commercial, agricultural, and industrial end-user retrofit projects to allow use of recycled water;
 - Pilot projects for new potable reuse and other salt and contaminant removal technology;
 - Groundwater recharge infrastructure;
 - Technical assistance and grant writing assistance for disadvantaged communities; and
 - Water supply reliability improvement for critical urban water supplies in designated superfund areas.
- At least a 50-percent local cost share shall be required for projects.

6) Groundwater Sustainability - \$850.0 million

- For expenditures on, and competitive grants, and loans for projects to prevent, or clean up, the contamination of groundwater that serves, or has served, as a source of drinking water;
- \$75.0 million for grants for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water; and
- \$100.0 million for competitive grants for projects that develop and implement groundwater plans and projects in accordance with groundwater planning requirements.

7) Flood Management - \$395.0 million

- \$295.0 million to reduce the risk of levee failure and flood in the Delta.

SB 866 is pending consideration on the Senate Floor, and it is anticipated that the bill will be taken up on August 13, 2014 by both the Senate and the Assembly (on concurrence).

State Ballot Pamphlet Deadline Extension

On August 11, 2014, the Legislature passed, and the Governor signed, a bill that would extend the deadline to send the November 2014 General Election ballot pamphlet to the Office of State Printing by two days from August 11, 2014 to August 13, 2014.

SB 1195 (Steinberg), which as amended on June 18, 2014, would have repealed or modified several sections of the Public Utilities Code which were added in 1996 as part of the deregulation of electricity, was amended on August 11, 2014.

As amended, the bill would instead, for purposes of the November 4, 2014, statewide General Election, delay the beginning of the mailing of the State ballot pamphlet for the November 4, 2014, statewide General Election by two days. Specifically, this bill: 1) delays, from the 40th day prior to the election to the 38th day prior to the election, the date by which the Secretary of State (SOS) and county elections officials must begin mailing the State ballot pamphlet to the voters for the November 4, 2014, statewide General Election and 2) delays, from the 45th day prior to the election to the 43rd day prior to the election, the date by which the SOS must furnish State ballot

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pamphlets to county elections officials for the November 4, 2014 statewide General Election.

This bill declares that it is to take effect immediately as an urgency statute.

Existing law requires the Secretary of State, for each statewide election, to prepare and distribute a State ballot pamphlet describing each statewide ballot measure and containing other specified information. Existing law requires the Secretary of State to provide the State ballot pamphlets to county elections officials not less than 45 days before the election, and further requires that the State ballot pamphlets be mailed to voters commencing not less than 40 days before the election. In addition, existing law requires that the Secretary of State furnish a copy of the State ballot pamphlet to the Office of State Printing for preparation not less than 40 days before the date the Secretary of State is required to provide the pamphlets to the county elections officials.

For the November 4, 2014 statewide General Election, the deadline to send the State ballot pamphlet to the Office of State Printing was August 11, 2014. SB 1195 delays the beginning of the printing and distribution of the State ballot pamphlet by two days, to August 13, 2014, in order to provide additional time for ongoing discussions about the possibility of replacing the water bond measure currently on the ballot with a different water bond measure. The delay also would allow, should a new water bond measure be passed by the Legislature and signed by the Governor before August 13, 2014, for the removal of the current water bond measure from the State ballot pamphlet and inclusion of the new water bond measure before it is sent to print, thereby reducing the potential for voter confusion.

SB 1195 passed the Assembly by a vote of 66 to 0 and the Senate by a vote of 28 to 3 on August 11, 2014. The Governor signed the measure later that same day.

This office and the Department of Public Works will continue to monitor the water bond discussions and report on any new developments as details become available.

We will continue to keep you advised.

WTF:RA
MR:VE:AO:ma

Attachments

c: All Department Heads
Legislative Strategist